

## Highlights of Anti- Money Laundering Act and Corporate Transparency Act of 2020

### (Measures contained in House-Senate Conference Report on National Defense legislation)

- **Updates and Strengthens US Anti-Money Laundering laws:** Provides for reforms to strengthen and update U.S. anti- money laundering laws, closing existing gaps which have allowed criminals, corrupt foreign officials of other governments and others to exploit our nation's financial system, threaten regional and global stability, and endanger U.S. national security.
- **Conforms US Law to International Standards:** Brings our laws into the modern era, and in line with other advanced economies, consistent with and improving on corporate transparency standards long sought by international standard-setting bodies. **Requires Improved Feedback from Law Enforcement:** Requires more routine coordination, communication and feedback between financial institutions, regulators, and law enforcement to identify, track and crack down on suspicious financial activities, better focusing bank resources and improving outcomes for law enforcement.
- **Ends Anonymous Shell Companies:** Updates outdated and ineffective U.S. corporate formation laws that have made it too easy for terrorists, money launderers and drug traffickers to operate using anonymous shell companies, and for corrupt foreign officials to drain wealth from their own countries, hide illicit funds in the U.S., and profit from our large and comparatively stable economy. As financial crimes accelerate due to the COVID-19 pandemic, it is more important than ever that we address the critical vulnerabilities in our financial system that anonymous companies represent.
- **Requires Comprehensive Corporate Ownership Information:** For the first time, requires corporations, limited liability companies, and other similar entities formed in the U.S. – or foreign entities registered to do business in the US – to report their real “beneficial” owners to the Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) to combat the abuse of anonymous shell companies often used to facilitate money laundering, the financing of terrorism, tax evasion, fraud, human and drug trafficking and other crimes.
- **Streamlines Reporting for Small Businesses:** Provides for reporting by companies that is simple, easy and streamlined, using existing State structures combined with a new Treasury Department database, reducing reporting burdens on covered companies and small businesses, and providing for strong information security and privacy protections.
- **Strengthens Whistleblower Protections:** Provides for a range of new protections for financial industry whistleblowers to identify wrongdoing or reporting failures by banks or other entities, and provide rewards to whistleblowers where monies are recovered.
- **Cracks Down on Serious Bank Violators:** Provides for new penalties on bankers convicted of serious money laundering violations, including a ban on board service and disgorgement of bonuses paid during the violation period, on top of any fines imposed.
- **Improves Reporting on Prosecution Agreements with Bank Violators:** Requires additional reporting by Justice Department officials to Congress on deferred or other types of prosecution agreements, whether banks are repeat violators of such agreements, and measures to penalize such repeat violators.

- **Tightens Coordination and Information-Sharing**: Requires tighter coordination and information-sharing among federal government officials and the private sector, and greater clarity on priorities related to countering money laundering and terrorism.
- **Provides for Clear New Rules**: Gives banks and other financial institutions clearer rules of the road for carrying out modernized risk-based anti- money laundering programs.
- **Broadens Data Sharing While Protecting Sensitive Information**: Opens avenues for more extensive data-sharing between financial institutions, and within financial institutions and their affiliates while retaining key safeguards, so patterns of suspicious activities can be more easily tracked, identified and shared appropriately.
- **Encourages Innovation and Best Practices**: Provides for clear new guidance on innovation best practices while retaining a strong regulatory oversight process for financial institutions to enable them to adapt new technologies such as artificial intelligence and machine learning to track, identify, and report suspicious financial activity.

**Broad Bipartisan Support in an Age of Increased Polarization:** Supporters of increased transparency include the national security community, police and prosecutors, banks and credit unions, CEOs, the real estate sector, large businesses, small business owners, faith groups, anti-human trafficking groups, human rights organizations, global development NGOs, anti-corruption advocates, labor unions, conservative and liberal think tanks, and a broad bipartisan coalition of Members of Congress and Senators.

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